

# EXECUTIVE SECRETARIAT Routing Slip

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EEO		✓		
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20					
21					
22					
SUSPENSE		Date			

Remarks:

*DD Pers*

*SD Pers*  
*DD Pers*

Executive Secretary

*3/29/82*

Date

**WASHFAX RECEIPT**

**THE WHITE HOUSE**



82 MA 25 A10: 05

MESSAGE NO. 155

CLASSIFICATION UNCLAS

No. PAGES 5

FROM Craig Fuller  
(Name)

(Extension)

(Room Number)

MESSAGE DESCRIPTION Cabinet Council on Human Resources  
— Mar. 30 meeting —

TO (Agency)

DELIVER TO:

Dept/Room No.

Extension

A

REMARKS: Original to follow by Courier

*Suspense for DDP/Per / S/S  
for DDP/Per Review  
2 April 82*

29 MAR 1982

STAT

THE WHITE HOUSE  
WASHINGTON

## CABINET AFFAIRS STAFFING MEMORANDUM

EX-100-10-0002

82-0871

DATE: 3/29/82 NUMBER: 050194CA DUE BY: -----

SUBJECT: CABINET COUNCIL ON HUMAN RESOURCES -- March 30 Meeting

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<del>Anderson</del> Harper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Clark	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Gray	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Beal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Mike Wheeler	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Don Moran	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ed Feulner	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HUD	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
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Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<del>CIA</del>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carlson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCCT/Kass	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/McLaughry	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input type="checkbox"/>

## REMARKS:

The Cabinet Council on Human Resources will meet on Tuesday, March 30, at 10:00 AM in the Roosevelt Room.

The agenda and background paper are attached.

## RETURN TO:

Craig L. Fuller  
Assistant to the President  
for Cabinet Affairs  
456-2823

**THE WHITE HOUSE  
WASHINGTON**

**CABINET COUNCIL ON HUMAN RESOURCES**

**March 30, 1982**

**10:00 AM**

**Roosevelt Room**

**AGENDA**

- 1. Mandatory Retirement/CM229**

THE WHITE HOUSE  
WASHINGTON

March 26, 1982

MEMORANDUM FOR: CABINET COUNCIL ON HUMAN RESOURCES

FROM: ROBERT B. CARLESON  
EXECUTIVE SECRETARY

Issue: What is the Administration's position on legislation which would raise the age below which mandatory retirement based solely on age is prohibited.

Action Forcing Event: Testimony before the Heinz/Pepper Committee on Aging April 1, 1982.

Background: According to the Department of Labor, the 1978 amendments to the Age Discrimination in Employment Act (ADEA) raised the so-called mandatory retirement age from age 65 to age 70. Accordingly the law now protects individuals from discrimination on the basis of age between the ages of 40 and 70. While this age is often called the mandatory retirement age, the law does not require employers to retire employees at that age. It only prohibits employers from involuntarily retiring employees under age 70 solely on the basis of age. Clearly, if an employee has reached age 70, an employer is free to keep that employee.

29 USC S631 contains the relevant provisions of the ADEA. There are two provisions in this section which modify the age 70 limit. One provision (Sec. 631(c)) provides that under certain conditions high level executives can be retired before age 70. Another provision (Sec. 631(d)) provides that until July 1, 1982, professors of unlimited tenure can be retired if they are between the ages of 65 and 70. Recently the latter provision was publicized because an university elected to exercise this option and retire 40 faculty members before the provision's July expiration date. Evidently, the plan has sparked a good deal of protest on the campus.

Under Section 5 of the ADEA, the Department of Labor is required to submit a report on the results of raising the retirement age from 65 to 70 and to examine the feasibility of removing the age limit. The Department has completed the required studies and, in December 1981, forwarded an interim report of study findings to Congress. The results indicate that raising the mandatory retirement age to 70 has slightly increased employment of older workers but otherwise has had very limited effects on labor force participation by other groups and on business policies. Moreover, projections indicate that removal of the mandatory retirement age would result in an additional modest improvement in older work labor force participation and have minimal other consequences.

Of course, in some states (such as California) removal would make no difference whatsoever because those states already have taken the cap off the retirement age.

Several points to keep in mind:

- o Under Secretary of Labor Lovell testified on October 29, 1981, before Senator Heinz' Aging Committee. Heinz was very insistent on the issue, trying to get Lovell to commit the Administration to eliminating the mandatory retirement age. Lovell asserted that it was a very complicated matter and that it was under study. He noted that DOL is required to study the effects of raising the limit (pursuant to S5) and thus it was appropriate to wait for the results of that study.
- o At the White House Conference on Aging, resolutions supporting elimination of the age 70 limit were adopted by several committees.
- o A 1981 Harris poll found that 73% of retirees wished they had never quit working and 75% of current employees and more than 2/3 of business executives oppose mandatory retirement on the basis of age. Of all U.S. adults, 90% oppose a mandatory retirement age.
- o Vice President Bush is scheduled to speak next week before the National Council on Aging.
- o Indications are that Congress may proceed and pass abolition of the mandatory retirement age in the near future with or without Administration approval.

A very interesting aspect of the mandatory retirement age problem is its interplay with the accrual rules of ERISA. ERISA allows pension plans to set the normal retirement age of 65. ERISA does not require that benefit accruals continue after age 65 or that age 65 benefits be actuarially adjusted if retirement occurs after age 65. Virtually no plans offer actuarially equivalent pensions past age 65 and only 50% continue accruals past age 65. Advocacy groups are, of course, pushing for changes in this aspect of the law.

A change to increase the prohibition against mandatory retirement is generally opposed by business and organized labor groups. Business feels that it constitutes further Federal controls affecting their freedom. Labor wants to encourage retirement in order to provide jobs for younger workers. Virtually all aging organizations are demanding a complete prohibition against mandatory retirement based on age only. The President in his speech to the White House Conference on Aging said he opposed mandatory retirement based on age. The Administration's Social

Security proposals of last year included the elimination of the earning's test for Social Security recipients.

### Options

#### Option 1 - No action.

- o This is not feasible because of the Department of Labor's commitment to submit recommendations.

#### Option 2 - Back or propose legislation to prohibit mandatory retirement based solely on age.

- o Probably would have little affect on actual retirement decisions per the Labor Department studies.
- o Would be very well received by the aging constituency.
- o May be resisted by business and organized labor.
- o Would preempt some State laws.

#### Option 3 - Raising the current age 70 to 75 or a higher age.

- o Probably would satisfy no one and have little impact on actual retirement decisions.

#### Option 4 - Option 2 except that States would not be preempted from adopting a specific age between 70 and death.

- o Would have similar effects as Option 2 except for State preemption.
- o Would require State action to adopt an age prohibition, which would not be politically feasible in most or all States.
- o Would be consistent with Federalism.
- o Would be less politically useful with the aging constituencies.

#### Option 5 - Submit Department of Labor's report with a recommendation that to raise the age level of prohibition against mandatory retirement based solely on age would violate our Federalism principles by preempting State laws but that the results of the studies indicate that State actions to increase the age from 70 should be encouraged.

- o Would not satisfy the aging constituencies.
- o Would satisfy the business and labor constituencies.
- o Would be consistent with the Administration's positions on Federalism and regulation.

82-6037

Executive Registry

82-0871/1

2 APR 1982

MEMORANDUM FOR: Executive Director

FROM : James N. Glerum  
Director of Personnel

SUBJECT : Mandatory Retirement Legislation and CIARDS

1. The Cabinet Council on Human Resources was scheduled to discuss mandatory retirement at its meeting on 30 March 1982. This was in preparation for testimony before the Heinz/Pepper Committee on Aging.

2. When the subject of mandatory retirement is discussed, there is always the possibility that this provision of CIARDS will be raised. Under these circumstances, we believe that the Agency's strong interest in retaining mandatory retirement under CIARDS should be recorded with the Cabinet Affairs Staff. The attached memorandum has been prepared for this purpose.

/s/ James N. Glerum

James N. Glerum

Attachment:  
As stated

## Distribution:

Original - Addressee

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1 - ExDir

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ELHardt/DD/Pers/SP:jsm  (1 April 1982)

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L-300